

Message Text

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46

ACTION NEA-10

INFO OCT-01 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00 CIAE-00

DODE-00 PM-03 H-01 INR-05 L-02 NSAE-00 NSC-05 PA-01

RSC-01 PRS-01 SP-02 SS-15 IO-10 EUR-12 SAM-01 SAB-01

OMB-01 AID-05 SCCT-01 SY-04 ACDA-05 MC-01 EB-07

COME-00 TRSE-00 CIEP-01 SAJ-01 /097 W

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O R 191236Z DEC 74

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC IMMEDIATE 4976

INFO AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMCONSUL JERUSALEM

AMEMBASSY JIDDA

AMEMBASSY ABU DHABI

AMEMBASSY KUWAIT

C O N F I D E N T I A L TEL AVIV 7329

E.O. 11652: GDS

TAGS: PFOR, IS, XF

SUBJ: PERES ON ARAB-ISRAELI DISPUTE

1. SUMMARY. DEFENSE MINISTER PERES IN DEC 18 SPEECH TO TEL AVIV LABOR PARTY GROUP TOUCHED ON BROAD VARIETY OF TOPICS IN USUAL HARD-LINE FASHION, INCLUDING: IMPACT OF TERRORISM ON LEBANON; ARAB ARMS PURCHASES; NEGOTIATIONS WITH ARAB STATES; ARAFAT AND PLO; WEST BANK ISSUE; AND RELATIONSHIP OF EUROPE TO ISRAELI ECONOMY. END SUMMARY.

2. FOLLOWING SUMMARY OF PERES' DECEMBER 18 REVIEW OF POLITICAL-MILITARY SITUATION CONFRONTING ISRAELIS, BASED ON PRESS REPORTS; TEXT OF SPEECH UNAVAILABLE.

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3. LEBANON AND TERRORISM. PERES SAID THAT ARAB TERRORIST ORGANIZATIONS WERE CAUSING GRADUAL DISINTEGRATION OF LEBANON AND PREDICTED THAT TERRORIST ACTIVITY WOULD RISE AS RESULT OF COMPETITION BETWEEN PALESTINIAN FACTIONS. HE FELT THIS COMPETITION WAS ERODING DELICATE BALANCE BETWEEN CHRISITANS AND MOSLEMS IN LEBANON.

4. ARAB ARMS PURCHASES. CALLING INFLUX OF ARMS INTO ARAB COUNTRIES A MAJOR CAUSE OF AREA TENSION, PERES NOTED THAT SINCE OCTOBER WAR TWO-THIRDS OF THESE ARMS HAD COME FROM US AND EUROPE AND ONE-THIRD FROM EASTERN BLOC. DEFMIN REPORTEDLY COMMENTED SARCASTICALLY ON ARMS ACQUISITIONS OF SMALLER OIL PRODUCING COUNTRIES, "COUNTRIES OF SUCH HIGH CULTURAL STANDARDS WITH GOVERNMENTS OF IMPECCABLE MORALITY LIKE KUWAIT AND ABU DHABI ARE NOW BUYING THE MOST SOPHISTICATED WEAPONS SYSTEMS."

5. ISRAELI MILITARY CAPABILITY. PERES SAID ISRAEL MUST GIVE TOP PRIORITY TO MATCHING ARAB STRENGTH, PARTICULARLY BY EXPANDING ITS DOMESTIC ARMS PRODUCTION OVER NEXT 5-10 YEARS. HE NOTED, HOWEVER, THAT CURRENT PRODUCTION LEVELS ARE "SATISFACTORY" AND MENTIONED HIGH STANDARDS ACHIEVED IN PARTICULAR BY ISRAEL AIRCRAFT INDUSTRIES, WHICH HE SAID COMPARED FAVORABLY WITH ANY COMPARABLE FIRM IN EUROPE. PERES THEN RECALLED PARTICIPATION BY ELEVEN ARAB STATES IN OCTOBER WAR AND ACCORDING TO JERUSALEM POST, DECLARED: "ISRAEL WILL NOT (RPT NOT) BE READY TO ACT WITH EQUANIMITY IN THE FACE OF ALL THOSE ARAB COUNTRIES LIKE SAUDI ARABIA, ABU DHABI AND KUWAIT SENDING THEIR ARMIES AGAINST US, AND THINKING THEY CAN GET OFF MILITARILY SCOT FREE."

6. NEGOTIATIONS WITH ARABS. PERES SAID ISRAEL MUST BE EQUALLY READY FOR WAR OR FURTHER NEGOTIATIONS AND STRESSED UNCERTAINTY OF COMING SIX-EIGHT MONTH PERIOD. HE SAID PRIMARY ISSUE WAS NOT HOW FAR ISRAEL WOULD WITHDRAW INTO SINAI, BUT EXTENT TO WHICH EGYPT WAS PREPARED TO MAKE POLITICAL CONCESSIONS AND PULL BACK FROM WAR. IN HIS OPINION, WHAT EGYPT WAS OFFERING IN RETURN FOR FURTHER WITHDRAWALS WAS ALREADY EMBODIED IN DISENGAGEMENT AGREEMENT (FREE PASSAGE THROUGH BAB EL-MANDAB, PASSAGE OF ISRAELI CARGO TRAFFIC THROUGH SUEZ CANAL). "EGYPT NOW WANTS TO PRESS ISRAEL TO WITHDRAW IN RETURN FOR NOTHING."

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PERES STRESSED, HOWEVER, THAT ISRAEL WANTS TO PRESERVE ITS "UNDERSTANDING" WITH USG AND WAS READY TO NEGOTIATE ANY TIME WITH EGYPT, JORDAN, OR SYRIA.

7. ARAFAT AND PLO. PERES SAID THAT AFTER APPEARANCE AT UN ARAFAT AND PLO HAD NOWHERE TO GO BUT DOWN. HE NOTED THAT ARAFAT NOW HAS TO PROVE HIS POLITICAL ABILITY TO SADAT AND HIS MILITARY ABILITY TO HABASH AND JIBRIL. PERES REFERRED TO LOW

QUALITY OF PERSONNEL USED IN RECENT RAIDS INTO ISRAEL AS INDICATION THAT PLO IS HAVING TROUBLE.

8. WEST BANK. PERES SAID GOI IS READY TO GRANT MAXIMUM AUTONOMY TO ARABS OF WEST BANK AND GAZA. HE ADDED, HOWEVER, "IT'S UP TO THEM" AND DOUBTED WHETHER PRESENT WAS RIGHT TIME. HE WONDERED WHERE SYMPATHIES OF LOCAL LEADERSHIP LAY, ADDING HIS BELIEF THAT AT MOMENT THEY WERE APPLAUDING PLO OUT OF FEAR. PERES NOTED THAT HUSSEIN "DID NOT DO SUCH A BAD JOB" FOR WEST BANK POPULATION, CITING PROVISION OF JORDANIAN PASSPORTS AND FACT THAT GOJ PAYS SALARIES OF 6,000 OFFICIALS ON WEST BANK. PERES CONCLUDED THAT REAL CHOICE FOR WEST BANKERS LIES BETWEEN ORIENTATION TOWARD WEST OR TOWARD SOVIET BLOC.

9. EUROPE AND ISRAELI ECONOMY. NOTING THAT EUROPE HAD TAKEN "HOLIDAY FROM HISTORY", PERES REPORTEDLY SAID HE PERSONALLY BELIEVED ISRAEL MUST SHIFT AWAY FROM ITS FORMER FOCUS ON EUROPE AND COMMON MARKET AND TURN INWARDS. HE FELT THAT OVER NEXT DECADE ISRAEL MUST MAKE TOTAL EFFORT TO BECOME AS SELF-SUFFICIENT AS POSSIBLE IN FOOD, WATE, ENERGY AND ARMAMENTS. (COMMENT: PERES' REMARKS SHARE FRONT PAGE OF JERUSALEM POST WITH STORY HEADLINED "ISRAEL-EEC ACCORD: BEST NEWS IN YEAR".)

10. COMMENT: MUCH OF ABOVE WILL OBVIOUSLY BE UNHELPFUL FOR ATMOSPHERE IN ARA WHEN PICKED UP--AS WE ASSUME IT WILL BE-- BY ARAB MEDIA. WE WOULD NOTE, HOWEVER, THAT PLATFORM SPEECHES BY PERES OR OTHER SENIOR GOI LEADERS ARE NOT CONSIDERED TO BE OFFICIAL STATEMENTS OF GOI POLICY. GOI POLICY IS EXPRESSED ONLY IN OFFICIAL CABINET STATEMENTS OR KNESSET ADDRESSES. PERES IS HARDLINER WITH ESTABLISHED REPUTATION FOR ESPOUSING INTRANSIGENT AND MAXIMALIST VIEWS. SIGNIFICANTLY, HEBREW PRESS GIVES LESS COVERAGE TO LATEST SPEECH
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THAN ENGLISH-LANGUAGE JERUSALEM POST, THUS PLAYING DOWN ITS IMPORT FOR DOMESTIC AUDIENCE.
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